



# State of Georgia Department of Revenue

## 2005 Corporation Income Tax Forms and General Instructions

**NOTICE:** Beginning with tax year 2005 returns, the Georgia Department of Revenue in conjunction with the Internal Revenue Service will offer *Electronic Filing for Corporation and S Corporation income tax returns*. Please visit our website [www.dor.ga.gov](http://www.dor.ga.gov) for more information.

### FROM THE COMMISSIONER

This booklet is designed to provide information and assist corporations in filing their Georgia corporate tax returns.


This year, you can electronically file your corporate return. I strongly encourage you to take advantage of this new feature.

On Page 2 is a "New Information" section that I recommend you review prior to filling out your return.

This booklet contains the forms and schedules required by most corporations. If you need additional forms, we encourage you to visit our website at [www.dor.ga.gov](http://www.dor.ga.gov). There you can download forms and obtain up-to-date tax information and news from the Department of Revenue. Forms are also available via fax-on-demand at 404-417-6011. A list of useful telephone numbers is on Page 13.

Our mission and commitment is to serve Georgia's taxpayers in a prompt, courteous and professional manner and to effectively administer the State's tax laws. We welcome your comments and suggestions on how to better accomplish that mission.

**Bart L. Graham**  
Commissioner

INDEX .....	PAGE
Adjustments to Federal Income .....	5
Allocation and Apportionment of Income .....	5
Computation of Income Tax .....	4
Consolidated Returns .....	3
Double-Check List and Common Errors .....	18
Electronic Filing .....	Front Cover
Electronic Funds Transfer .....	11
Estimated Income Tax .....	11
Extension Information .....	13
Filing Requirements .....	4
Forms .....	19
Form PV-CORP  .....	13
Net Worth Tax Instructions .....	7
New Information .....	2
Penalties and Interest .....	4, 7
Tax Credits .....	14
Tax Exempt Organizations .....	8
Telephone Assistance .....	13
Two-Dimensional Barcode Returns .....	13
When and Where to File .....	4

# NEW INFORMATION

## Federal Tax Changes

**Job Creation and Worker Assistance Act of 2002, Jobs and Growth Tax Relief Reconciliation Act of 2003, Working Families Tax Relief Act of 2004, and American Jobs Creation Act of 2004.** Georgia has adopted the provisions of these acts (as they relate to the computation of Federal taxable income) for taxable years beginning on or after January 1, 2005, except for I.R.C. Section 168(k) (30% and 50% bonus depreciation), Section 1400L (tax benefits for the New York Liberty Zone), and Section 199 (deduction for income attributable to domestic production activities), which are treated as if they are not in effect. For tax years beginning on or after January 1, 2005, Georgia has now adopted the increased I.R.C. Section 179 deduction (\$105,000 in 2005) and the related phase out (\$420,000 in 2005) that was enacted as part of the Jobs and Growth Tax Relief Reconciliation Act of 2003.

**Federal deduction for income attributable to domestic production activities (IRC Section 199).** This should be entered on Form 600 Page 2, Schedule 4, Line 5.

**Depreciation Differences.** Depreciation differences due to the Federal acts mentioned above should be handled as follows. If the taxpayer has depreciation differences from more than one Federal act, it is not necessary to make a separate adjustment for each act.

A. Depreciation must be computed one way for Federal purposes and another way for Georgia purposes. To compute depreciation for Federal purposes, taxpayers should use the 2005 IRS Form 4562 and attach it to the Georgia return. This amount should be entered on Page 2, Schedule 4, Line 6 along with the words "2002 JCWA/2003 JGTRRA Depreciation Adjustment".

B. Depreciation must also be computed for Georgia purposes. Taxpayers should use Georgia Form 4562 to compute depreciation for Georgia purposes and attach it to the Georgia return. This amount should be entered on Page 2, Schedule 5, Line 2 along with the words "2002 JCWA/2003 JGTRRA Depreciation Adjustment". Georgia Form 4562 and related instructions can be obtained from our website at [www.dor.ga.gov](http://www.dor.ga.gov) or from any Revenue Office.

Additionally, any depreciation differences will affect the calculation of gain when the property is sold.

## 2005 Legislation

The following bills that relate to corporations were passed by the 2005 Georgia Legislature:

**Intangible Expenses Paid to Related Members and Phase in of the Single Sales Factor – House Bill 191** (O.C.G.A. §§ 48-7-21, 48-7-27, 48-7-28.3, 48-7-31) Disallows intangible expenses and associated interest expenses paid to related members for taxable years beginning on or after January 1, 2006. It also makes the following changes to how income is apportioned to Georgia:

- For tax years beginning on or after January 1, 2006, and before January 1, 2007, the apportionment factors are 80% sales, 10% property, and 10% payroll.
- For tax years beginning on or after January 1, 2007, and before January 1, 2008, the apportionment factors are 90% sales, 5% property, and 5% payroll.
- For tax years beginning on or after January 1, 2008, and forward the apportionment factor is 100% sales.
- For tax years beginning on or after January 1, 2006, the bill provides that a company whose net income is derived from the manufacture, production, or sale of tangible personal property, and from business other than the manufacture, production, or sale of tangible personal property, must include gross receipts from both activities in their receipts factor.
- For tax years beginning on or after January 1, 2006, the bill provides that a company whose net income is derived from business other than the manufacture, production, or sale of tangible personal property, only includes in their receipts factor gross receipts from activities which constitute the taxpayer's regular trade or business.

This bill was signed by the Governor on April 6, 2005. The provisions are applicable to the tax years previously mentioned.

**HB 389 – Job Tax Credit** (O.C.G.A. § 48-7-40) Amends O.C.G.A. § 48-7-40 to allow an additional \$500 job tax credit for business enterprises which have been in existence for at least three years. This is a one-time credit for jobs that meet Year One eligibility standards; the credit can be claimed in Year Two. There is no carryforward provision for this additional credit. The regular job tax credit amounts and eligibility requirements remain unchanged. This bill became effective upon the Governor's signature on April 21, 2005, and is applicable to taxable years beginning on or after January 1, 2006.

**State and Local Tax Revision Act of 2005 – House Bill 488** (O.C.G.A. §§ 48-1-2, 48-2-18.1, 48-2-32, 48-2-35, 48-7-1, 48-7-21, 48-7-24, 48-7-27, 48-7-31, 48-7-40.15, 48-7-42, 48-7-58, 48-7-100, 48-7-121, 48-12-1.1) The corporate income tax provisions of this bill are as follows:

**Section 2 – Annual Update Provision.** See "Federal Tax Changes" section for information regarding this.

**Sections 5 and 21 – Interest on Credits.** The amendments to O.C.G.A. §§ 48-2-35 and 48-7-121 clarify that interest is not paid on amended returns filed to claim credits. These sections of the bill became effective when the Governor signed the bill on April 12, 2005.

**Section 8 – Expenses on U.S. Obligations for Corporations.** Amends O.C.G.A. § 48-7-21(b)(1)(B) by disallowing direct and indirect interest expenses on exempt U.S. treasury obligations. This section of the bill became effective when the Governor signed the bill on April 12, 2005, and is applicable to taxable years beginning on or after January 1, 2005.

**Section 9 – Like Kind Exchanges for Corporations.** The amendment to O.C.G.A. § 48-7-21(b)(5) repeals the provision that certain federal "like kind" exchanges (those

## NEW INFORMATION (continued)

where the replacement property is located outside Georgia) are considered taxable for Georgia purposes. Because Georgia law is now silent, all applicable federal provisions under the Internal Revenue Code will govern. This section of the bill became effective when the Governor signed the bill on April 12, 2005, and is applicable to taxable years beginning on or after January 1, 2004.

**Section 10 – Consolidated Returns.** The amendment to O.C.G.A. § 48-7-21(b)(7)(A)(i) requires that businesses that conduct 100% of their business in Georgia must request permission in the same manner as other businesses. It also clarifies that an election to file a consolidated return must be made on or before the date provided by the Commissioner. Failure to make a timely election will result in the filing of separate returns for the year. This section of the bill became effective when the Governor signed the bill on April 12, 2005.

**Section 11 – Corporate Net Operating Losses.** A new paragraph (10) added to § 48-7-21(b) provides for the treatment of corporate net operating losses in a manner similar to the IRS. It also specifically provides that the provisions of Sections 108, 381, 382, and 384 of the Internal Revenue Code, as they relate to net operating losses, also apply for Georgia purposes. This section of the bill became effective when the Governor signed the bill on April 12, 2005, and is applicable to taxable years beginning on or after January 1, 2005.

**Section 12 – Exclusion of Earnings from a Limited Partnership or Similar Nontaxable Entity Deriving Income Exclusively from Securities.** This amends O.C.G.A. § 48-7-24(c). Previously only family limited partnerships were not entitled to the exclusion provided by this subsection. Now both a family limited partnership and a similar nontaxable entity do not qualify for the exclusion.

Also, a provision was added that the exclusion provided by O.C.G.A. § 48-7-24(c) does not apply to a person who participates in the management of the resident limited partnership or other similar nontaxable entity, or that is engaged in a unitary business with another person that participates in the management of the resident limited partnership or other similar entity.

This section of the bill became effective when the Governor signed the bill on April 12, 2005.

**Section 15 – Deriving Sources.** The amendment to O.C.G.A. § 48-7-31(a) clarifies that corporate taxpayers who derive income from sources within Georgia are subject to taxation. This section of the bill became effective when the Governor signed the bill on April 12, 2005.

**Section 16 – Port Traffic Credit.** The amendment to O.C.G.A. § 48-7-40.15(e)(3) makes technical corrections to the port traffic credit statute to coincide with the changes made to the law in 2001. This section of the bill became effective when the Governor signed the bill on April 12, 2005.

**Section 17 – Transfer of Credit.** The amendment to O.C.G.A. § 48-7-42(b) clarifies that the election to transfer a credit must be made on or before the due date for filing the return (including extensions). This section of the bill became effective when the Governor signed the bill on April 12, 2005.

**Section 18 – Commissioner’s Authority to Make Adjustments.** The amendment to O.C.G.A. § 48-7-58 clarifies the Commissioner’s authority to make adjustments when a taxpayer structures transactions in a manner which shifts Georgia income to other states. This section of the bill became effective when the Governor signed the bill on April 12, 2005.

### **Georgia Entertainment Industry Investment Act and Repeal of the Small Business Growth Tax Credit – House Bill 539** (O.C.G.A. §§ 48-7-40.13 and 48-7-40.26)

Section 1 repeals the small business growth tax credit (O.C.G.A. § 48-7-40.13). This section of the bill became effective when the Governor signed the bill on May 9, 2005, and is applicable to taxable years beginning on or after January 1, 2006.

Section 2 creates O.C.G.A. § 48-7-40.26 to allow a tax credit for production companies which produce new film, video, or digital projects in this state. For more information see page 17. This section of the bill became effective when the Governor signed the bill on May 9, 2005, and is applicable to taxable years beginning on or after January 1, 2005.

### **CONSOLIDATED RETURNS**

The Department of Revenue has adopted a new regulation concerning consolidated returns. This regulation is effective for tax years beginning on or after January 1, 2002. The regulation substantially changes the rules for filing consolidated returns. Visit our website at [www.dor.ga.gov](http://www.dor.ga.gov) for more information, including instructions on proper return preparation and mailing.

**Beginning with the 2005 tax year, consolidated groups that conduct 100% of their business in Georgia must request permission in the same manner as other corporations. The request must be made 75 days before the due date of the return (including extensions).**

### **CORPORATE PARTNERS OF PARTNERSHIPS**

A corporation will be considered to own property in Georgia, do business in Georgia, or have income from Georgia sources whenever the corporation is a partner, whether limited or general, in a partnership which owns property or does business in Georgia, or has income from Georgia sources.

### **FREQUENTLY ASKED QUESTIONS**

Frequently asked questions regarding corporations, S corporations, partnerships, LLC’s, and nonresident withholding are available on our website at [www.dor.ga.gov](http://www.dor.ga.gov).



# INCOME TAX

## INTRODUCTION

The following instructions apply to two separate taxes on corporations. One is an income tax at a rate of 6% on taxable income. The second is a graduated tax based on corporate net worth. Instructions for the net worth tax begin on Page 7.

Both taxes must be paid annually. Schedule 3 of the return is designed to combine the liabilities, any penalty and interest due, and the credits for prepayment, to result in a single balance due or overpayment.

## FILING REQUIREMENTS

All corporations that own property or do business in Georgia, or that have income from Georgia sources are required to file a Georgia income tax return. Please round all dollar entries. A corporation electing to file under the Internal Revenue Code provisions for S corporations having one or more stockholders who are nonresidents of Georgia must file consent Form 600 S-CA on behalf of each nonresident. Failure to furnish a properly executed Form 600S-CA for each nonresident stockholder negates Georgia's recognition of the election, requiring each corporation to file Form 600 and pay the regular corporate tax.

**NOTE: If you use a software program or if you do not need a booklet next year, please fill in the circle in the upper left corner of the form.**

## WHEN AND WHERE TO FILE

The return is due on or before the 15th day of the 3rd month following the close of the taxable year. This would be March 15th if filing on a calendar-year basis. Returns should be mailed to Georgia Department of Revenue, Processing Center, P.O. Box 740397, Atlanta, Georgia 30374-0397. Taxpayers claiming credits on Schedules 9 and/or 10 should mail their returns to Georgia Taxpayer Services Division, P. O. Box 49431, Atlanta, Georgia 30359-1431. Taxpayers filing a Georgia consolidated return should mail it together with separate returns for the members of the consolidated group to Georgia Taxpayer Services Division, P. O. Box 49432, Atlanta, Georgia 30359-1432.

## LATE PAYMENT PENALTY

A taxpayer having a Federal extension must prepay the Georgia tax due using Form IT-560C. Credit for this prepayment should be claimed on Form 600, Schedule 3, Line 2. If tax is not paid by the statutory due date of the return, a late payment penalty of 1/2 of 1% per month will accrue until the tax is paid. This penalty will accrue from the statutory due date regardless of any extension for filing the return.

## AMENDED RETURNS

Georgia has no separate form for filing an amended return. Please check the amended return block on Form 600. A copy of the Federal Form 1120X or federal audit adjustments must be attached. Mail the amended return to Georgia Department of Revenue, Processing Center, P.O. Box 740397, Atlanta,

Georgia 30374-0397. Amended returns with credits on Schedules 9 and/or 10 should be mailed to Georgia Taxpayer Services Division, P. O. Box 49431, Atlanta, Georgia 30359-1431.

## CLAIMS FOR REFUND

**For tax years beginning before January 1, 2003**, a claim for refund of tax paid must be made within three years from the date the tax was paid. Taxes which have been paid by either withholding or estimated tax are treated as having been paid on the regular due date of the return. An extension of time to file the return does not extend the deadline for filing a state claim for refund. For example, if payments were made with respect to the 2002 tax year on or before March 17, 2003 (due date for the 2002 tax year), the taxpayer must file any claim for refund by March 17, 2006. An extension of time to file the 2002 return does not change the March 17, 2006 deadline to file a claim for refund.

**For tax years beginning on or after January 1, 2003**, a claim for refund must be made within three years from the later date of either: payment of the tax, or the due date of the income tax return (including extensions which have been granted). For example, if payments were made with respect to the 2003 tax year on or before September 15, 2004 (extended due date for the 2003 tax year), the taxpayer must file any claim for refund by September 17, 2007 (this is because September 15, 2007 falls on a Saturday).

## PENALTIES AND INTEREST

The Georgia Code imposes certain penalties as follows:

Delinquent filing of a return—5% of the tax shown on the return for each month or fractional part thereof up to 25%.

Failure to pay tax shown on a return by the due date 1/2 of 1% of the tax due for each month or fractional part thereof up to 25%.

Assessment of other penalties are as follows:

Negligent underpayment of tax-5% thereof.

Fraudulent underpayment-50% thereof.

**Note:** The combined total of the penalty for delinquent filing of a return and failure to pay tax shown on a return cannot exceed 25% of the tax indicated on the return.

Interest accrues at the rate of 12% per year from the original due date until the date the liability is paid in full. An extension of time for filing does not affect any interest or penalty charged for late payment of tax.

## COMPUTATION OF INCOME TAX

Georgia income tax is 6% of the Georgia taxable income shown on Schedule 1, Line 7. The amount of tax must be entered on Schedule 1, Line 8, and on Schedule 3, Line 1A.

## RELATION TO FEDERAL RETURN

The Georgia return correlates to the Federal return in most respects (**see information on Page 2 about federal tax changes**). The taxable income shown on the Federal return

## INCOME TAX (continued)

is the basis used to calculate Georgia taxable income with adjustments as provided by Georgia law. The accounting period and method for the Georgia return must be the same as the Federal return. The Federal principles pertaining to execution of the return by an officer and the preparer also apply to Georgia returns. A copy of the Federal return and all supporting schedules must be attached to the Georgia return.

**Affiliated corporations that file a consolidated Federal income tax return must file separate income tax returns with Georgia unless they have prior approval or have been requested to file a consolidated return by the Commissioner of Revenue. If filing a consolidated Georgia income tax return, a separate net worth tax return must be filed by each subsidiary. Visit our website at [www.dor.ga.gov](http://www.dor.ga.gov) for instructions concerning proper return preparation and mailing.**

When a taxpayer entitled to a carry-back period for a net operating loss elects under I.R.C. Section 172(b)(3)(c) to forgo the entire carry-back period and carry-forward only, such election is binding on the Georgia return.

If a federal audit results in a change in taxable income, the taxpayer shall file a return reflecting the changed or corrected net income within 180 days of final determination. Mail the return to: Georgia Taxpayer Services Division, P. O. Box 49432, Atlanta, GA 30359-1432.

### ADJUSTMENTS TO FEDERAL INCOME

Federal taxable income is used as the basis of computation to calculate Georgia taxable income. Lines 2 and 4 of Schedule 1 provide the modifications required by Georgia Law. The total of additions to Federal income should be indicated on Schedule 1, Line 2 and listed in Schedule 4.

**Georgia does not allow the federal deduction for income attributable to domestic production activities (I.R.C. Section 199).**

Total subtractions from Federal income should be indicated on Schedule 1, Line 4 and listed in Schedule 5. The more commonly used items are listed in each of these schedules.

**Additionally, adjustments due to other Federal tax changes should be reported as stated in the instructions on Page 2.**

U.S. obligation income must be reduced by direct and indirect interest expense. To arrive at such reduction, the total interest expense is multiplied by a fraction, the numerator of which is the taxpayers average adjusted basis of the U.S. obligations, and the denominator of which is the average adjusted basis of all assets of the taxpayer.

A corporation which is a party to state contracts may subtract from Federal taxable income 10% of qualified payments to minority subcontractors or \$100,000, whichever is less, per taxable year. The Commissioner of the Department of Administrative Services maintains a list of certified minority subcontractors for the Revenue Department and general

public. To register as a minority subcontractor or to view the list, visit the DOAS website at <https://ssl.doas.state.ga.us/VendorDB/mainframe.jsp>.

If you claim a net operating loss deduction, you must file a complete statement detailing the sources for such deduction. (Attach a schedule.)

Corporations doing business both within and outside Georgia who incur a loss shall compute the net operating loss carryover deduction by allocating to Georgia only the amount of the loss attributable to operations within Georgia. This deduction shall be entered on Schedule 7, Line 8.

**A net operating loss sustained for the current taxable year must be carried back and carried forward in the procedural sequence of taxable periods provided by Section 172 of the Internal Revenue Code of 1986, as it existed on January 1, 2005, and as adopted by Section 48-7-21 of the income tax laws of Georgia. Accordingly, for tax years beginning on or after January 1, 2005, losses should be carried back two years (with special rules for farmers and casualty losses). Also for tax years beginning on or after January 1, 2005, Georgia law was changed to specifically provide that Georgia follows I.R.C. Sections 108, 381, 382, and 384. For tax years beginning prior to January 1, 2005, Georgia did not adopt the five-year carry-back and continued to use the two-year carry-back (with special rules for farmers and casualty losses) as provided under the old Federal law.**

**Form IT-552 may be used to report a net operating loss.**

**Georgia Taxes Deductible.** There shall be added to taxable income any taxes on, or measured by, net income or net profits paid or accrued within the taxable year imposed by the authority of the United States or any foreign country, or by any state **except the State of Georgia**, or by any territory, county, school district, municipality, or other tax subdivision of any state, territory, or foreign country to the extent such taxes are deducted to determine federal taxable income. This includes federal environmental tax.

When salaries and wages are reduced on the federal return to compute Federal taxable income because of a Federal jobs tax credit, the eliminated salary and wage deduction should be listed in Schedule 5 as a subtraction from Federal taxable income.

### ALLOCATION AND APPORTIONMENT OF INCOME

If any corporation, domestic or foreign, does business or owns property both within and outside Georgia, Schedules 6 and 7 should be used to compute Georgia taxable income.

The tax imposed by Georgia law applies to the entire net income as previously defined, received by every corporation, foreign or domestic, that owns property in this state, does business in this State, or derives income from sources in this state. Every such corporation shall be deemed to be doing business in this State if engaged within this State in any

## INCOME TAX (continued)

activities or transactions for the purpose of financial profit or gain; whether or not such corporation is registered to do business in this State; whether or not it maintains an office or place of business within this State; whether or not any such activity or transaction is connected with interstate or foreign commerce. If the business income of the corporation is derived in part from Georgia sources, from property owned or business done within this State, and derived in part from property owned or business done outside the State, the tax is imposed only on that portion of the business income which is reasonably attributable to Georgia sources and property owned and business done within the State, to be determined as follows:

(1) Interest received on bonds held for investment and income received from other intangible property held for investment are not subject to apportionment. Rentals received from real estate held purely for investment purposes and not used in the operation of the business are also not subject to apportionment. All expenses connected with the interest and rentals from such investments are likewise not subject to apportionment but must be applied against the investment income. The net investment income from intangible property shall be allocated to Georgia if the situs of the corporation is in Georgia or the intangible property was acquired as income from property held in Georgia, or as a result of business done in Georgia. The net investment income from tangible property in Georgia shall be allocated to Georgia.

(2) Gains from the sale of tangible or intangible property not held, owned or used in connection with the trade or business of the corporation, nor for sale in the regular course of business shall be allocated to the State if the property held is real or tangible personal property situated in the State, or intangible property having an actual situs or a business situs within the State. Otherwise, such gains shall be allocated outside the State.

(3) Net income of the above classes having been separately allocated and deducted, the remainder of the net business income shall be apportioned by application of the following:

### THREE FACTOR FORMULA

(a) Property Factor. The property factor is composed of the average value of real and tangible personal property owned or rented and used during the taxable year. Property owned is valued at its original cost.

Property rented is valued at eight times the net annual rental rate. The net annual rental rate is the annual rental rate paid less any annual rental rate received from any subrentals. With respect to rented property, averaging is achieved automatically by determining the net annual rental rate of such property.

(b) Payroll Factor. The payroll factor is the ratio of all salaries, wages, commissions, and other compensation paid by the taxpayer in this State for personal services performed by employees in connection with the trade or business of the taxpayer during the taxable year to the total salaries, wages, commissions, and other compensation paid by the taxpayer for personal services performed by employees in connection with its entire trade or business, wherever conducted, during the taxable year. Payments made to an independent contractor or any other person not properly classified as an employee are excluded. Compensation is paid in this State if the employee's service is performed entirely within this State or the employee's service outside Georgia is incidental to the service performed in Georgia or a portion of the service is performed in Georgia and the base of operations from which the service is directed is in Georgia, or a portion of the service is performed in Georgia and the base of operations from which the service is directed is not in any State where some part of the service is performed, but the employee's residence is in Georgia.

(c) Gross Receipts Factor. The gross receipts factor is the ratio of gross receipts from business done within this State to total gross receipts from business done everywhere.

The purpose of the gross receipts factor is to measure the marketplace for the taxpayer's goods and services. When receipts are derived from the sale of tangible personal property, receipts shall be deemed to have been derived from business done in this State if received from products shipped to customers in this State or products delivered to customers within this State.

When receipts are derived from business other than the sale of tangible personal property, receipts shall be deemed to have been derived from business done in this State if received from customers within this State, or if the receipts are otherwise attributable to this State's marketplace.

**(d) The apportionment factors determined above shall be weighted 25% to property, 25% to payroll and 50% to receipts. If the denominator for either the property or payroll factor is zero, the weighted percentage for the other will be 33-1/3%, and the weighted percentage for the receipts factor will be 66-2/3%. If the denominator for the receipts is zero, the weighted percentage for property and payroll will change to 50% each. If the denominators for any two factors are zero, the weighted percentage for the remaining factor will be 100%.**

(e) Apportionment of Income; Business Joint Venture and Business Partnerships. A corporation that is involved in a business joint venture, or that is a partner in a business partnership, must include its pro rata share of the joint venture's or partnership's property, payroll, and gross receipts values in its own apportionment formula.



# NET WORTH TAX

## INITIAL FILING AND DUE DATES

A new domestic or foreign corporation doing business or owning property in Georgia must file an initial net worth tax return on or before the fifteenth day of the third calendar month after incorporation or qualification. The initial net worth tax return is based on the beginning net worth (Federal Schedule L) of the corporation and covers the tax period from the date of incorporation/qualification to the end of the year. If this return is for a short period of less than six months, the tax due is 50%. The initial net worth return cannot be combined with the initial income tax return because the due dates do not coincide.

Thereafter, an annual return must be filed on or before the fifteenth day of the third month following the beginning of the corporation's taxable period.

## PENALTIES AND INTEREST

Penalties and interest may be avoided by payment of tax by the statutory due date of the return. Penalty for delinquent filing is 10% of tax due. Penalty for delinquent payment is 10% of tax due. In addition, interest at 12% per annum is due on a delinquent remittance from the due date until paid in full.

## COMPUTATION OF TAX

The tax is graduated based on net worth. In the case of new corporations, this is the beginning net worth. Thereafter, it is the net worth on the first day of the corporation's net worth taxable year. Net worth is defined to include issued capital stock, paid in surplus and retained earnings. Treasury stock should not be deducted from issued capital stock.

Foreign corporations qualified to conduct business in Georgia are taxed based upon the portion of net worth employed within Georgia as computed in Schedule 2, using the ratio computed in Schedule 8. To compute the ratio, the property factors will reflect total balance sheet assets within Georgia and everywhere. This includes all intangible assets reflected on the federal return such as accounts receivable. Gross receipts factors are determined per the instructions on Page 6.

For net worth tax purposes, a foreign corporation is a corporation or association created or organized under the statutory laws of any nation or state other than Georgia.

**Domestic corporations and domesticated foreign corporations are taxed based upon total net worth (100% ratio) and should not use the ratio computation in Schedule 8.**

For net worth tax purposes, a domestic corporation is a corporation or association created or organized under the statutory laws of Georgia. A domesticated foreign corporation is a foreign corporation which has agreed under the provisions of Georgia law to be treated as a domestic corporation and to be taxed based upon total net worth.

A dormant corporation must file a net worth tax return and pay the tax to retain its charter. A foreign corporation admitted into Georgia must file a net worth tax return until it has withdrawn from Georgia. A corporation with a deficit net worth pays the minimum tax of \$10.00. A corporation which has been liquidated and is filing its final income tax return is not required to file a net worth tax return, nor is it entitled to a refund of previously paid net worth tax.

**When two or more corporations file a consolidated return for income tax purposes, a separate net worth tax return must be filed by each subsidiary.** Visit our website at [www.dor.ga.gov](http://www.dor.ga.gov) for more information, including instructions concerning proper return preparation and mailing.

## NET TAX DUE OR OVERPAYMENT

Schedule 3 provides for the computation of net tax due or the net overpayment of the two taxes. Compute any penalty and interest due for the respective taxes and enter the amounts on the applicable lines.

## FEDERAL SCHEDULE L REQUIREMENT

Schedule L must be completed on the Georgia copy of the Federal return even if it is not required for Federal purposes.

## TREATMENT OF SHORT PERIOD NET WORTH TAX RETURN

All corporations filing a short period income and/or net worth Georgia tax return for any reason other than filing an initial or final return shall compute the net worth in accordance with the following instructions:

The net worth tax shall be computed based upon the net worth per the ending balance sheet of the short period return. The tax is then prorated based on the number of months included in the short period return.

Note: Any short periods ending on the 1st through the 15th day of the month are backed up to the last day of the preceding month. Years ending on the 16th day or later are moved forward to the last day of that month.

**EXAMPLE:** Corporation A files a three-month short period return ending March 31, 2005. The Georgia taxable net worth per the March 31, 2005, balance sheet is \$90,000. The Georgia net worth tax is computed as follows: Tax per scale \$100.00 x 3/12 = \$25.00 net worth tax due.

## NET WORTH TAX TABLE

### DOMESTIC AND DOMESTICATED FOREIGN CORPORATIONS

Based on net worth including issued capital stock, paid-in surplus, and earned surplus (Schedule 2, Line 4).

### FOREIGN CORPORATIONS

Based on net worth including issued capital stock, paid-in surplus, and earned surplus employed within Georgia (Schedule 2, Line 6).

Not exceeding .....	\$ 10,000.00 .....			10.00
Over .....	10,000.00	and not exceeding	25,000.00 .....	20.00
Over .....	25,000.00	and not exceeding	40,000.00 .....	40.00
Over .....	40,000.00	and not exceeding	60,000.00 .....	60.00
Over .....	60,000.00	and not exceeding	80,000.00 .....	75.00
Over .....	80,000.00	and not exceeding	100,000.00 .....	100.00
Over .....	100,000.00	and not exceeding	150,000.00 .....	125.00
Over .....	150,000.00	and not exceeding	200,000.00 .....	150.00
Over .....	200,000.00	and not exceeding	300,000.00 .....	200.00
Over .....	300,000.00	and not exceeding	500,000.00 .....	250.00
Over .....	500,000.00	and not exceeding	750,000.00 .....	300.00
Over .....	750,000.00	and not exceeding	1,000,000.00 .....	500.00
Over .....	1,000,000.00	and not exceeding	2,000,000.00 .....	750.00
Over .....	2,000,000.00	and not exceeding	4,000,000.00 .....	1,000.00
Over .....	4,000,000.00	and not exceeding	6,000,000.00 .....	1,250.00
Over .....	6,000,000.00	and not exceeding	8,000,000.00 .....	1,500.00
Over .....	8,000,000.00	and not exceeding	10,000,000.00 .....	1,750.00
Over .....	10,000,000.00	and not exceeding	12,000,000.00 .....	2,000.00
Over .....	12,000,000.00	and not exceeding	14,000,000.00 .....	2,500.00
Over .....	14,000,000.00	and not exceeding	16,000,000.00 .....	3,000.00
Over .....	16,000,000.00	and not exceeding	18,000,000.00 .....	3,500.00
Over .....	18,000,000.00	and not exceeding	20,000,000.00 .....	4,000.00
Over .....	20,000,000.00	and not exceeding	22,000,000.00 .....	4,500.00
Over .....	22,000,000.00			5,000.00

## ADDITIONAL INFORMATION

### **ANNUAL REGISTRATION WITH THE SECRETARY OF STATE**

All Georgia corporations and foreign corporations that "qualify" to do business in Georgia must file an annual registration with the Secretary of State (SOS). Registration, and the \$30 fee, is due between January 1 and April 1. The SOS will send a notice to the corporation's principal office address in early January. Foreign corporations (those formed in a state other than Georgia) should determine the need to obtain a Certificate of Authority by reviewing O.C.G.A. § 14-2-1501. The statute can be read, and an application obtained, at [www.georgiacorporations.org](http://www.georgiacorporations.org). Annual registration and certificate of authority obligations are separate from any filings with the Department of Revenue.

### **TAX EXEMPT ORGANIZATIONS**

An organization that had tax exempt status with the Internal Revenue Service prior to January 1, 1987 is not required to apply to the Georgia Taxpayer Services Division for a tax exempt determination letter. Organizations that received IRS determination letters after that date, as well as any organization desiring a Georgia income tax determination letter for any reason, must file an application using Georgia Form 3605. A nonprofit corporate charter does not constitute exemption from income tax.

Each exempt organization must annually file a copy of the forms they file with the Internal Revenue Service, such as Federal Forms 990, 990-EZ, etc. The due date for filing a copy of the Federal return with Georgia is the same as the due date for filing with the Internal Revenue Service.

All correspondence and returns related to exempt organizations should be mailed to: Georgia Taxpayer Services Division, P. O. Box 740380, Atlanta, GA 30374-0380.



## GEORGIA NOL CARRYOVER WORKSHEET EXAMPLE

[illegible]

1. NOL Carryover Available to Current Year (Enter on Schedule 1, Line 6 or Schedule 7, Line 8)	<360,678>
2. Current Year Income / (Loss)	
3. NOL Carryover Available to Next Year	

## INSTRUCTIONS

**Column 1:** List the loss year(s).

**Column 2:** List the loss amount for the tax year listed in Column 1.

**Columns 3 & 4:** List the years in which the losses were utilized and the amount utilized each year.

**Column 5:** List the balance of the NOL after each year has been applied.

**Column 6:** List the remaining NOL applicable to each loss year.

Total the remaining NOL (Col. 6) and enter in the space at the bottom of the worksheet for "NOL Carryover Available to Current Year". Then insert "Current Year Income / (Loss)" in the space provided and compute the "NOL Carryover Available to Next Year" in the last space. Create photocopies as needed.

# CORPORATION ESTIMATED INCOME TAX INSTRUCTIONS

## CORPORATIONS THAT MUST FILE ESTIMATED TAX

Every domestic or foreign corporation subject to taxation in Georgia shall pay estimated tax for the taxable year if its net income for such taxable year can reasonably be expected to exceed Twenty-Five Thousand Dollars (\$25,000.00).

All Corporate income tax must be paid directly to the Taxpayer Services Division. The estimated tax shall be paid on the specified dates so as to effect payment in full of the estimated tax by the 15th day of the twelfth month of the taxable year.

If the requirements to file estimated tax under Code Section 48-7-117 are first met as shown in the left-hand column of the following table, then the estimated tax shall be due as shown in the remaining columns.

**The following percentages of estimated tax shall be paid on or before the fifteenth day of the:**

	4th MONTH OF THE TAXABLE YEAR	6th MONTH OF THE TAXABLE YEAR	9th MONTH OF THE TAXABLE YEAR	12th MONTH OF THE TAXABLE YEAR
Before the first day of the fourth month of the taxable year.	25%	25%	25%	25%
After the last day of the third month and before the first day of the sixth month of the taxable year.		33 1/3%	33 1/3%	33 1/3%
After the last day of the fifth month and before the first day of the ninth month of the taxable year.			50%	50%
After the last day of the eighth month and before the first day of the twelfth month of the taxable year.				100%

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## NEW ESTIMATED TAX FILERS

If you determine that you are required to file estimated tax, please mail your initial payment along with Form 602-ES. The estimated tax worksheet and Form 602-ES are on Page 12. Include your corporate name, address, telephone number, Federal Employer Identification Number, and the taxable year. You will receive a personalized coupon booklet containing Form 602-ES to be used for remittance of the remaining installments. For more information, contact the Corporate Tax Section at 404-417-2469.

Form 602-ES should be delivered or mailed to State of Georgia, Department of Revenue, P.O. Box 105246, Atlanta, Georgia 30348-5246. Check or money order for payment of tax should be made payable to: "Georgia Department of Revenue." Include Federal Employer Identification Number on check.

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## ELECTRONIC FUNDS TRANSFER

In accordance with Georgia Law (O.C.G.A. § 48-2-32(f)(2)), the Department currently requires corporate estimate taxpayers with quarterly payments of \$10,000 or more to make those payments via electronic funds transfer. You can also voluntarily participate in our electronic funds transfer program. For registration forms and information, visit our website at [www.dor.ga.gov](http://www.dor.ga.gov) or contact the EFT Section at (404) 417-2220, 1-800-659-1855, or via e-mail to [doreft@dor.ga.gov](mailto:doreft@dor.ga.gov).

## EXTENSION INFORMATION FOR CORPORATIONS

Georgia Code Section 48-7-57 provides that a taxpayer need not apply for a Georgia extension if he applies for and receives an automatic six (6) month extension to file his Federal income tax return. The taxpayer must attach a copy of the extension granted by the Internal Revenue Service to his Georgia return. If the return is received within the time extended by the Internal Revenue Service and Form 7004 is attached to the return, no late filing penalties will be incurred.

Failure to attach a copy of the Federal extension will result in the return being considered filed late and penalties will be assessed!

If a Federal extension was not requested but an extension is necessary for filing the Georgia return, please submit your request on Form IT-303.

If an extension is granted but the tax was not paid by the statutory due date, then late payment penalties will be assessed until the tax is paid (income tax at 1/2 of 1% per month; net worth tax at 10%). Also, interest will be assessed at the rate of 12% per annum from the statutory due date until the tax is paid in full. Late payment penalties and interest accrue from the statutory due date regardless of an extension. Georgia law prohibits granting an extension of more than six months from the due date of the return.

Any payment made prior to the filing of a completed return must be accompanied by Form IT-560C and claimed on Schedule 3, Line 2. An extension of time does not alter interest or penalty charges for late payment of tax.

**NOTE: Check the "Extension" box on Form 600 if a Federal or Georgia extension was granted. Failure to check the extension box will result in assessment of a late filing penalty.**

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## TWO-DIMENSIONAL BARCODE RETURNS

2D barcodes are currently available on corporate tax returns. The Department of Revenue has given approval to certain software companies to produce tax programs that include a 2D barcode. A list of these companies is available on our website at [www.dor.ga.gov/processingctr/taxpayers.shtml](http://www.dor.ga.gov/processingctr/taxpayers.shtml).

**NOTE: The Department of Revenue encourages the use of 2D barcode returns; however, we neither support nor recommend any software company. Failure to mail your return to the correct address may cause processing delays.**



## PV-CORP PAYMENT VOUCHER

If you owe taxes, mail your payment with the form PV-CORP. Do not use it as a substitute for the form IT-560C. Failure to properly complete and mail the PV-CORP could result in delayed or improper posting of your payment. For further instructions on the PV-Corp see Page 19.

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## TELEPHONE ASSISTANCE

Compliance Division .....	404-417-6400
Corporation and Net Worth Tax Return Information .....	404-417-2409
Corporation Refund Inquiry .....	404-417-2409
Corporation Return Processing, Forms, Estimates and Prepayment of Tax .....	404-417-2409
Electronic Funds Transfer .....	404-417-2220 or 1-800-659-1855
Employee Withholding Information .....	404-417-2311
Estate and Tax Exempt Organization Information .....	404-417-2402
Income Tax Forms .....	404-417-6011
Individual Income Tax Return Information .....	404-417-4480
Registration & Licensing Unit .....	404-417-4490
Secretary of State .....	404-656-2817
Taxpayer Services Division Director's Office .....	404-417-2400

# TAX CREDITS

**Credit  
Type Code**

**Description**

- 101 Employer's Credit for Basic Skills Education.** Businesses which provide or sponsor basic skills education that enhances reading, writing, or mathematical skills up to and including the 12th grade, or classes to receive a GED certificate, may receive a tax credit. The program is administered by the Department of Technical and Adult Education, which may be contacted at (404) 679-1625. This credit should be claimed on **Form IT-BE**. For more information, refer to O.C.G.A. §48-7-41.
- 102 Employer's Credit for Approved Employee Retraining.** The retraining tax credit allows employers to claim certain costs of retraining employees to use new equipment, new technology, or new operating systems. The credit is calculated at 50% of the direct costs of retraining full-time employees, up to \$500 per employee per approved retraining program per year. The credit may be utilized up to 50% of the taxpayer's total state income tax liability for a tax year. Credits claimed but not used may be carried forward for 10 years. For a copy of the Retraining Tax Credit Procedures Guide, contact the Department of Technical and Adult Education at 404-679-1700 or visit their website at: <http://www.dtae.org/econdev/retrain.html>. This credit should be claimed on **Form IT-RC**, with Program Completion forms signed by Department of Technical and Adult Education personnel attached. For more information, refer to O.C.G.A. §48-7-40.5.
- 103 Employer's Jobs Tax Credit.** This credit provides for a statewide job tax credit for any business or headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries, but does not include retail businesses. If other requirements are met, job tax credits are available to businesses of any nature, including retail businesses, in counties recognized and designated as the 40 least developed counties.

Tier Designation	County Rankings	New Jobs Created	Credit Amount
Tier 1	1 through 71	5 or more	\$ 3,500
Tier 2	72 through 106	10 or more	\$ 2,500
Tier 3	107 through 141	15 or more	\$ 1,250
Tier 4	142 through 159	25 or more	\$ 750

Credits similar to the credits available in Tier 1 counties are potentially available to companies in certain less developed census tracts in the metropolitan areas of the state. Note that average wages for the new jobs must be above the average wage of the county that has the lowest average wage of any county in the state. Also employers must make health insurance available to employees filling the new full-time jobs. Employers are not, however, required to pay all or part of the cost of such insurance unless this benefit is provided to existing employees. Credits are allowed for new full-time employee jobs for five years in years two through six after the creation of the jobs. In Tier 1 and Tier 2 counties, the total credit amount may offset up to 100% of a taxpayer's state income tax liability for a taxable year. In Tier 3 and Tier 4 counties, the total credit amount may offset up to 50% of a taxpayer's state income tax liability for a taxable year. In Tier 1 counties and less developed census tracts only, credits may also be taken against a company's income tax withholding. To claim the credit against withholding, a business must file **Form IT-JOBW** at least 30 days prior to filing the return on which the applicable jobs are claimed. Once the income tax return is filed, the Department has 90 days to review the withholding credit being claimed and notify the business of the approved credit and when and how it may be claimed. A credit claimed but not used in any taxable year may be carried forward for 10 years from the close of the taxable year in which the qualified jobs were established. The measurement of new full-time jobs and maintained jobs is based on average monthly employment. Georgia counties are re-ranked annually based on updated statistics. See the Job Tax Credit law (O.C.G.A. 48-7-40 and 48-7-40.1) and regulations for further information. This credit should be claimed on **Form IT-CA**. An additional \$500 per job is allowed for a business locating within a county that belongs to a Joint Development Authority per O.C.G.A. §36-62-5.1. For more information, refer to the Department of Community Affairs website at: <http://www.dca.state.ga.us/economic/TaxCredits/programs/taxcredit.asp>.

- 104 Employer's Credit for Purchasing Child Care Property.** Employers who purchase qualified child care property will receive a credit totaling 100% of the cost of such property. The credit is claimed at the rate of 10% a year for 10 years. Any unused credit may be carried forward for three years and the credit is limited to 50% of the employer's Georgia income tax liability for the tax year. Recapture provisions apply if the property is transferred or committed to a use other than child care within 14 years after the property is placed in service. This credit should be claimed on **Form IT-CCC100**. For more information, refer to O.C.G.A. §48-7-40.6.
- 105 Employer's Credit for Providing or Sponsoring Child Care for Employees.** Employers who provide or sponsor child care for employees are eligible for a tax credit of up to 75% of the employers' direct costs. The credit may not exceed 50% of the taxpayer's total state income tax liability for the taxable year. Any credit claimed but not used in any taxable year may be carried forward for five years from the close of the taxable year in which the cost of the operation was incurred. This credit should be claimed on **Form IT-CCC75**. For more information, refer to O.C.G.A. §48-7-40.6.



## TAX CREDITS (continued)

**Credit  
Type Code**

**Description**

- 106 Manufacturer's Investment Tax Credit.** Based on the same Tier Ranking as the Job Tax Credit program. It allows a taxpayer that has operated an existing manufacturing or telecommunications facility in the state for the previous three years to obtain a credit against income tax liability. The credit is calculated on expenses directly related to manufacturing or to providing telecommunications services. Taxpayers must apply (use **Form IT-APP**) and receive approval before claiming the credit on the appropriate tax return. A taxpayer may not claim the job tax credit or the optional investment tax credit when claiming this credit for the same project. Companies must invest a minimum of \$50,000 per project/location during the tax year in order to claim the credit.

Tier Location	Tax Credit	Credit for Recycling, Pollution Control or Defense Conversion Activities
Tier 1	5%	8%
Tier 2	3%	5%
Tier 3 or 4	1%	3%

This credit should be claimed on **Form IT-IC** and accompanied by the approved Form IT-APP. For more information, refer to O.C.G.A. §48-7-40.2, 40.3, and 40.4.

- 107 Optional Investment Tax Credit.** Taxpayers qualifying for the investment tax credit may choose an optional investment tax credit with the following threshold criteria:

Designated Area	Minimum Investment	Tax Credit
Tier 1	\$ 5 Million	10%
Tier 2	\$10 Million	8%
Tier 3 or 4	\$20 Million	6%

Taxpayers must apply (use **Form OIT-APP**) and receive approval before they claim the credit on their returns. The credit may be claimed for 10 years, provided the qualifying property remains in service throughout that period. A taxpayer must choose either the regular or optional investment tax credit. Once this election is made, it is irrevocable. The optional investment tax credit is calculated based upon a three-year tax liability average. The annual credits are then determined using this base year average. The credit available to the taxpayer in any given year is the lesser of the following amounts:

- (1) 90% of the excess of the tax of the applicable year determined without regard to any credits over the base year average; **or**
- (2) The excess of the aggregate amount of the credit allowed over the sum of the amounts of credit already used in the years following the base year.

The credit must be claimed on **Form IT-OIT**. For more information, refer to O.C.G.A. §48-7-40.7, 40.8, and 40.9.

- 108 Qualified Transportation Credit.** This is a credit of \$25 per employee for any "qualified transportation fringe benefit" provided by an employer to an employee as described in Section 132(f) of the IRS Code of 1986. For more information, refer to O.C.G.A. §48-7-29.3.
- 109 Low Income Housing Credit.** This is a credit against Georgia income taxes for taxpayers owning developments receiving the federal Low-Income Housing Tax Credit that are placed in service on or after January 1, 2001. Credit must be claimed on **Form IT-HC** and accompanied with Federal Form K-1 from the providing entity and a schedule of the building allocation. For more information, refer to O.C.G.A. §48-7-29.6.
- 110 Diesel Particulate Emission Reduction Technology Equipment.** This is a credit given to any person who installs diesel particulate emission reduction equipment at any truck stop, depot, or other facility. For more information, refer to O.C.G.A. §48-7-40.19.
- 111 Business Enterprise Vehicle Credit.** This credit is for a business enterprise for the purchase of a motor vehicle used exclusively to provide transportation for employees. In order to qualify, a business enterprise must certify that each vehicle carries an average daily ridership of not less than four employees for an entire taxable year. This credit cannot be claimed if the low and zero emission vehicle credit was claimed at the time the vehicle was purchased. For more information, refer to O.C.G.A. §48-7-40.22.
- 112 Research Tax Credit.** A tax credit is allowed for research expenses for research conducted within Georgia for any business or headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries. The credit shall be 10% of the additional research expense over the "base amount," provided that the business enterprise for the same taxable year claims and is allowed a research credit under Section 41 of the Internal Revenue Code of 1986. (Note that the base amount must contain positive Georgia taxable net income for all years.) The credit may not exceed 50% of the business's Georgia net income tax liability after all other credits have been applied in any one year. Any unused credit may be carried forward 10 years. This credit should be claimed on **Form IT-RD**. For more information, refer to O.C.G.A. §48-7-40.12.

## TAX CREDITS (continued)

Credit Type Code	Description
113	<p><b>Small Business Growth Tax Credit.</b> A tax credit is granted for any business or headquarters or any business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries having a state net taxable income which is 20% or more above that of the preceding year if its net taxable income in each of the two preceding years was also 20% or more. The credit shall be the excess over 20% of the percentage growth and shall not exceed 50% of the business' Georgia net income tax liability after all other credits have been applied. This credit is available to companies whose total tax liability does not exceed \$1.5 million. This credit should be claimed on <b>Form IT-RG</b>. For more information, refer to O.C.G.A. §48-7-40.13. Please note that this credit is repealed for tax years beginning on or after January 1, 2006.</p>
114	<p><b>Headquarters Tax Credit.</b> Companies establishing their headquarters or relocating their headquarters to Georgia may be entitled to a tax credit if the following criteria are met: 1) At least fifty (50) headquarters jobs are created; and 2) within one year of the first hire, \$1 million is spent in construction, renovation, leasing, or other cost related to such establishment or reallocation. Headquarters is defined as the principal central administrative offices of a company or a subsidiary of the company. The credit is available for establishing new full-time jobs. To qualify, each job must pay a salary which is a stated percentage of the average county wage where the job is located: Tier 1 counties at least 100%; Tier 2 counties at least 105%; Tier 3 counties at least 110%; and Tier 4 counties at least 115%. The company has the ability to claim the credit in years one through five for jobs created in year one and may continue to claim newly created jobs through year seven and claim the credit on each of those jobs for five years. The credit is equal to \$2,500 annually per new full-time job meeting the wage requirement or \$5,000 if the average wage of all new qualifying fulltime jobs is 200% or more of the average county wage where new jobs are located. The credit may be used to offset 100 percent of the taxpayers Georgia income tax liability in the taxable year. Where the amount of such credit exceeds the taxpayer's tax liability in a taxable year, the excess may be taken as a credit against such taxpayer's quarterly or monthly withholding tax. To claim the credit against withholding, a business must file <b>Form IT-JOBW</b> at least 30 days prior to filing the return on which the applicable jobs are claimed. Once the income tax return is filed, the Department has 90 days to review the withholding credit being claimed and notify the business of the approved credit and when and how it may be claimed. This credit should be applied for and claimed on <b>Form IT-HQ</b>. For more information, refer to O.C.G.A. §48-7-40.17.</p>
115	<p><b>Port Activity Tax Credit.</b> Businesses or the headquarters of any such businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development that have increased their port traffic tonnage through Georgia ports during the previous 12-month period by more than 10% over their 1997 base year port traffic, or by more than 10% over 75 net tons, five containers or ten 20-foot equivalent units (TEU's) during the previous 12-month period are qualified for increased job tax credits or investment tax credits. NOTE: Base year port traffic must be at least 75 net tons, five containers, or 10 TEU's. If not, the percentage increase in port traffic will be calculated using 75 net tons, five containers, or 10 TEU's as the base. Companies must meet Business Expansion and Support Act (BEST) criteria for the county in which they are located. The tax credit amounts are as follows <b>for all Tiers</b>:</p> <p>An additional job tax credit of \$1,250 per job; investment tax credit of 5%; or optional investment tax credit of 10%. Companies that create 400 or more new jobs, invest \$20 million or more in new and expanded facilities, and increase their port traffic by more than 20% above their base year port traffic may take both job tax credits and investment tax credits. The credit is claimed by filing the appropriate form for the applicable credit (job tax: <b>Form IT-CA</b>; investment tax: <b>Form IT-IC</b>; or optional: <b>Form IT-OIT</b>) with the tax return and providing a statement with port numbers to verify the increase in port traffic. For more information, refer to O.C.G.A. §48-7-40.15.</p>
116	<p><b>Bank Tax Credit.</b> All financial institutions that conduct business or own property in Georgia are required to file a Georgia Financial Institutions Business Occupation Tax Return, Form 900. Effective on or after January 1, 2001, a depository financial institution with a Sub S election can pass through the credit to its shareholders on a pro rata basis. For more information, refer to O.C.G.A. §48-7-29.7.</p>
117	<p><b>Low Emission Vehicle Credit.</b> This is a credit, the lesser of 10% of the cost of the vehicle or \$2,500, for the purchase or lease of a new low emission vehicle. Also there is a credit for the conversion of a standard vehicle to a low emission vehicle which is equal to 10% of the cost of conversion, not to exceed \$2,500 per converted vehicle. <b>Certification approved by the Environmental Protection Division of the Department of Natural Resources must be included with the return for any credit claimed under this provision. A statement from the vehicle manufacturer is not acceptable.</b> A low emission vehicle is defined as an "alternative fuel" vehicle and does not include any gasoline powered vehicles (i.e. hybrids). A "low speed vehicle" does not qualify for this credit. For more information, refer to O.C.G.A. §48-7-40.16.</p>

## TAX CREDITS (continued)

Credit Type Code	Description
118	<b>Zero Emission Vehicle Credit.</b> This is a credit, the lesser of 20% of the cost of the vehicle or \$5,000, for the purchase or lease of a new zero emission vehicle. Also there is a credit for the conversion of a standard vehicle to a zero emission vehicle which is equal to 10% of the cost of conversion, not to exceed \$2,500 per converted vehicle. <b>Certification approved by the Environmental Protection Division of the Department of Natural Resources must be included with the return for any credit claimed under this provision. A statement from the vehicle manufacturer is not acceptable.</b> A zero emission vehicle is a motor vehicle which has zero tailpipe and evaporative emissions as defined under rules and regulations of the Board of Natural Resources and includes an electric vehicle whose drive train is powered solely by electricity, provided the electricity is not generated by an on-board combustion device. A "low speed vehicle" does not qualify for this credit. For more information, refer to O.C.G.A. §48-7-40.16.
119	<b>Cigarette Export Credit.</b> This is a tax credit for the shipment of cigarettes manufactured anywhere in the United States to a foreign country. For more information refer to O.C.G.A. §48-7-40.20. Please note that this credit shall be repealed for cigarettes exported on or after January 1, 2006.
120	<b>New Manufacturing Facilities Jobs Credit.</b> In order to qualify, \$450 million in qualified investment property must be purchased for the project. The manufacturer must also create at a minimum 1,800 new jobs within a six-year period and can receive credit for up to a maximum of 3,300 jobs. After an affirmative review of their application by a panel, the manufacturer is rewarded with the new job tax credit. The credit is \$5,250 per job created. The credit offsets income tax liability and any excess credit may be used to offset withholding taxes. There is a 10-year carry forward of any unused tax credit. For more information, refer to O.C.G.A. §48-7-40.24.
121	<b>Electric Vehicle Charger Credit.</b> This is a credit for a business enterprise for the purchase of an electric vehicle charger located in the State of Georgia. The credit allowed is the lesser of 10% of the cost of the charger or \$2,500. For more information, refer to O.C.G.A. §48-7-40.16.
122	<b>New Manufacturing Facilities Property Credit.</b> This is an incentive for a manufacturer who has operated a manufacturing facility in this state for at least 3 years and who spends \$800 million on a new manufacturing facility in this state. There is also the requirement that the number of full-time employees equal or exceed 1,800. However, these do not have to be new jobs to Georgia. An application is filed which a panel must approve. The benefit awarded to a manufacturer is a credit against taxes equal to 6 percent of the cost of all qualified investment property purchased or acquired. The total credit allowed is limited to \$50 million. The credit offsets income tax liability and any excess may be used to offset withholding taxes. There is a 15-year carry forward of any unused tax credit. For more information, refer to O.C.G.A. §48-7-40.25.
123	<b>Historic Rehabilitation Credit.</b> A nonrefundable credit not to exceed \$5,000 will be available for the certified rehabilitation of a certified structure or historic home. Standards set by the Department of Natural Resources must be met. This credit is applicable to taxable years beginning on or after January 1, 2004. This credit should be claimed on <b>Form IT-RHC</b> . For more information, refer to O.C.G.A. 48-7-29.8 or the Department of Natural Resources website at: <a href="http://hpd.dnr.state.ga.us/content/displaycontent.asp?txtDocument=35">http://hpd.dnr.state.ga.us/content/displaycontent.asp?txtDocument=35</a> .
124	<b>Film Tax Credit.</b> Production companies which have at least \$500,000 of qualified expenditures in a state certified production may claim this credit. Certification must be approved through the Georgia Department of Economic Development. The credit is equal to 9 percent of the base investment in the state, with additional percentages of: 3 percent for base investment in a Tier 1 or Tier 2 county; 3 percent for wages paid to Georgia residents; and 2 percent for spending at least \$20M on multiple television projects. There are special calculation provisions for production companies whose average annual total production expenditures in this state exceeded \$30 million for 2002, 2003 and 2004. This credit may be claimed against 100 percent of the production company's income tax liability, while any excess may be used to offset the production company's withholding taxes. To claim the credit against withholding, the production company must file <b>Form IT-JOBW</b> at least 30 days prior to filing the return on which the credit will be claimed. Once the income tax return is filed, the Department has 90 days to review the withholding credit being claimed and notify the production company of the approved credit and when and how it may be claimed. The production company also has the option of selling the tax credit to a Georgia taxpayer. The credit may only be sold by the production company and the purchasing taxpayer may only claim the credit against its income tax liability. A credit claimed but not used in any taxable year may be carried forward for 5 years from the close of the taxable year in which the investment occurred. This credit should be claimed on <b>Form IT-FC</b> , along with certification from the Film Office of the Georgia Department of Economic Development. For more information, refer to O.C.G.A. 48-7-40.26.

For more details about credits and the latest forms, please visit our website at:  
<http://www.dor.ga.gov/inctax/taxcredits.shtml>.

## DOUBLE CHECK

- √ Please review your completed return.
- √ Did you use the label? If so, is all information on the label correct?
- √ If you did not use the label, are your corporate name, address, and Federal I.D. Number shown correctly on the return?
- √ Is the taxable year shown on your return?
- √ Did you receive an extension of time to file your return? If so, have you attached a copy of your extension? Did you check the extension box on Form 600?
- √ Have you attached a copy of your Federal Form 1120 and supporting schedules?
- √ If there is tax due (on Schedule 3, Line 9), have you attached Form PV-CORP and your remittance, payable to: Georgia Department of Revenue? (To ensure proper credit, put your Federal I.D. Number and the tax year-end on your remittance.)

PLEASE DO NOT MAIL YOUR RETURN AND CHECK SEPARATELY! MAIL THEM IN THE SAME ENVELOPE TO THE ADDRESS ON PAGE 2 OF FORM 600.

**NOTE:** If you file a paper return and you owe tax, mail your return and payment along with the PV-CORP payment voucher to the address on Form 600. If you file electronically, mail your payment along with the PV-CORP to the address indicated on the payment voucher.

- √ If there is an overpayment (on Schedule 3, Line 6), did you show the amount to be refunded and/or credited to estimated tax (on Schedule 3, Line 10)?
- √ Have you addressed your envelope properly? Do not send your Georgia Form 600 to the Internal Revenue Service.
- √ If you claimed Georgia Business credits, did you attach the required schedules or forms?
- √ DO NOT use paper clips or staples.

## COMMON ERRORS THAT DELAY REFUNDS AND CREATE ASSESSMENTS

1. Incorrect addresses and Federal I.D. Numbers.
2. Failure to indicate the applicable tax year-end.
3. An incomplete Georgia return that references attached schedules.
4. Incorrect consolidation of net worth tax for parent and subsidiary corporations.
5. Claiming prepayments remitted under another name, Federal I.D. Number, or taxable period without attaching a schedule of detailed information.
6. S Corporations filing on Form 600. The correct form is Form 600S.
7. Improper enclosure of Form IT-552 Application for Tentative Carry-back Adjustment. Form IT-552 should be attached to the front of the Loss-Year return. Do not attach Form IT-552 to a duplicate original return.
8. Failure to include BEST credit schedules and withholding Forms G2-A and G-2RP.



Form 600 (Fill-in Form)

602 ES (fill-in form)

PV Corp (Fill-in Form)

IT 560 C (Fill-in Form)

Addition tax forms are available at: [www.dor.ga.gov](http://www.dor.ga.gov)